

**REMARKS**

Claims 47-60 are in the application. Claims 1-46 are canceled; claims 47-51 were previously presented; claims 52 and 53 are currently amended; and claims 54-60 are newly added. Claims 47, 52, and 54 are the independent claims of this application.

As discussed further below in detail, support for newly added claims 54-60 is provided in the Specification as filed, at least at paragraphs [0029], [0049], and [0050] of the Application as published. No new matter is added by these amendments.

Reconsideration and further examination are respectfully requested.

**Rejections under 35 U.S.C. §112, 1<sup>st</sup> para. and 2<sup>nd</sup> para.**

The Examiner rejects claims 47-53 under 35 U.S.C. §112, 1<sup>st</sup> paragraph, stating that the "claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertain, or with which it is most nearly connected, to make and/or use the invention." Applicant respectfully traverses this rejection.

The Examiner also rejects the claims under 35 U.S.C. §112, 2<sup>nd</sup> paragraph as allegedly failing to particularly point out and distinctly claim the subject matter which applicant regards as his invention. The Examiner reiterates the same reasons as provided for the rejection under 35 U.S.C. §112, 1<sup>st</sup> paragraph, including citing MPEP section 2164.01(a) that relates to factors that may be used in determining undue experimentation (i.e., enablement). Applicant respectfully traverses this rejection.

The Examiner has made no clear distinction between the rejection under 35 U.S.C. §112, 1<sup>st</sup> paragraph and the rejection under 35 U.S.C. §112, 2<sup>nd</sup> paragraph. Instead, the Examiner essentially repeats the same reasoning verbatim for the two different statutory rejections. Applicant requests that the Examiner provide a clear ground of rejection for any rejection maintained under 35 U.S.C. §112. Further, the

Examiner does not present any argument or reasons why it is believed that Applicant's claimed invention is "something different from what is defined by the claims."

Because the grounds of rejection are unclear, it is not apparent if the Examiner intended to reject the claims as failing to particularly point out and distinctly define the metes and bounds of the subject matter. If so, Applicant respectfully asserts that the claims satisfy this requirement of §112 as well (*e.g.*, at least as demonstrated by the previously submitted Starr and MacDonald Declarations).

Applicant respectfully asserts that the claims (as presented and as amended) are both enabled and definite.

Regarding the rejections of the claims under 35 USC §112, 1<sup>st</sup> paragraph and 35 USC §112, 2<sup>nd</sup> paragraph, the Examiner alleges:

(1) The term "quotient" is used in a manner that is unclear (or is "the opposite" of its "well known meaning").

(2) The disclosure in Applicant's Specification that describes a calculation of the claimed risk quotient is "replete with uncertain and non-specific terms "may be (or may be not) and "can be (or can be not)", and does not clearly and adequately explain with certainty how the quotient is calculated by one wishing to duplicate and use the invention.

(3) There is "only a general concept proposed that one should know who they are dealing with in a financial transaction through some undescribed set of evaluation factors with equally undescribed weighting criteria, and how that knowledge on some undescribed numeric scale might impact their decision to do business with them in some undescribed way."

(4) The "claims of the applicant are very broad and vague, there is generally no direction provided by the inventor, and the users must of necessity conduct a great deal of undue experimentation on their part in order to use the invention—to the point where the users become the inventor of their own

application of the invention, rather than the applicant." (Office Action at pages 3-4).

Applicant respectfully asserts each of these statements by the Examiner are unfounded and contrary to the plain scope of the claims and the plain teaching of the Specification. As such, the Examiner's arguments do not amount to the compelling reasoning or objective evidence required to properly sustain a rejection for lack of enablement.

Applicant respectfully submits that each of the pending claims 47-60 are fully enabled by the Specification and the Specification clearly teaches those skilled in the art how to make and use the full scope of the claimed invention without undue experimentation. Further, Applicant respectfully submits that the claims are commensurate with the Specification (that is, the claims closely correspond with the description of the Specification).

For example, independent claim 47 relates to a computer-implemented method to facilitate management of risk related to political exposure associated with a financial transaction. The claimed method of claim 47 recites, *inter alia*,

A computer-implemented method to facilitate management of risk related to political exposure associated with a financial transaction, comprising:

- calculating a first category political risk score based on the financial transaction data;
- calculating a second category political risk score based on the financial transaction data;
- calculating, based on the first and second category political risk scores, an overall transaction political risk quotient associated with the financial transaction (emphasis added)

Clearly, Applicant claims a method including calculating a first and a second political risk score based on the financial transaction data and calculating, based on the first and second political risk score, an overall transaction political risk quotient associated with the financial transaction.

Regarding claim 47, the Examiner alleges that the first category political risk score and the second political risk score are not enabled by the Specification. Applicant respectfully submits that the Specification provides the manner and process of making and using the invention of claim 47 in such full, clear, concise, and exact terms that enable a person of ordinary skill in the art to make and use the claimed invention.

Applicant refers the Examiner to paragraph [0049] where it is disclosed that "[C]alculating a PIP risk quotient can be accomplished by assigning a numerical value to each field of information, wherein the numerical value is representative of the risk associated with a particular piece of information. ... information conveying this high risk may be assigned a high numerical value. In addition, a weight can be assigned to a PIP risk category to which the information is assigned information conveying this high risk may be assigned a high numerical value." (emphasis added). A "Company Profile" category is described at paragraph [0050].

Further, the Specification provides examples of calculations using values associated with the received information in paragraphs [0049] and [0050]. The Specification makes clear that two values are used to calculate the risk quotient in at least one of the disclosed examples. It is respectfully submitted that the Company Profile category (e.g., -3 value) that is multiplied by a value (e.g., 1) assigned to the disclosed ownership structure are representative of a first category and a second category, as claimed. Applicant respectfully submits that the disclosed "ownership structure" is clearly representative of a category of related to the information described in the Specification.

Regarding independent claims 52 and 60, it is noted that they relate to a computer-implemented method to facilitate management of risk related to political exposure associated with a financial transaction. The claimed method recites, *inter alia*,

calculating a first numerical value representative of a political risk based on the financial transaction data;

calculating a second numerical value representative of a political risk based on the financial transaction data;

calculating, based on the first and second numerical values, an overall transaction political risk quotient associated with the financial transaction (emphasis added).

That is, Applicant claims methods including calculating a first and a second numerical value representative of a political risk based on the financial transaction data and calculating, based on the first and second numerical values, an overall transaction political risk quotient associated with the financial transaction.

Applicant respectfully submits that the Specification provides the manner and process of making and using the invention of claims 52 and 60 in such full, clear, concise, and exact terms that enable a person of ordinary skill in the art to make and use the claimed invention. The Specification discloses, at least at paragraph [0049] of the published application,

A PIP risk quotient can be calculated 313 by weighting the information received according to its importance in determining the likelihood of illegal or unethical dealings. Calculating a PIP risk quotient can be accomplished by assigning a numerical value to each field of information, wherein the numerical value is representative of the risk associated with a particular piece of information... In addition, a weight can be assigned to a PIP risk category to which the information is assigned. Therefore a designated country may receive a higher weight than the position held, or vice versa. A Risk Quotient can be calculated by multiplying a weighted numerical value of the specific information times the category weighting.(emphasis added)

The description provided in the Specification clearly and concisely discloses that which is claimed by Applicant in terms and in a context that is clear and unambiguous. The Specification plainly and clearly discloses what the claimed first and second numerical values are and represent. The Specification also provides an unambiguous example of how one skilled in the art would make, use, and practice the claimed invention. The Specification, as illustrated by the citation repeated hereinabove, is stated in definite and clear language that is commensurate with the claimed invention. That is, the Specification is both enabling and definite with respect to the claims.

The Examiner continues to assert that the term "quotient" is used in a manner that is unclear. Applicant respectfully submits that the claimed risk quotient is clear and consistent with the Specification. For example, the term "risk quotient" is clearly enabled and disclosed in the Specification at least at paragraph [0008], stating: "A rating system is used to assess risk based upon criteria such as a position held, historical data and/or interpretation of world events. The system can generate a risk quotient or other rating based upon a weighted algorithm applied to the criteria, wherein the risk quotient is indicative of risk associated with an account." (emphasis added)

Further, the claims of the present application relate to the management of and quantifying of political risk. In particular, the present application relates to political risk associated with financial accounts. As stated in the Specification at paragraph [0022], "[T]he present invention includes a computerized method and system for managing risk associated with financial accounts that are held by a politically identified person (PIP)."

The Examiner has repeatedly attempted to define the term risk quotient contrary to the description clearly provided in the Specification. The Examiner has maintained this position for no logical or apparent reason other than to sustain the rejection under 35 USC §112, first paragraph. As discussed above, the claimed risk quotient is fully supported and enabled by the disclosure of the Specification. Also, the use of the term risk quotient is used consistently in the Specification and the claims.

The Examiner has attempted to sustain the enablement and indefiniteness rejections by citing and relying on an admitted purely "mathematical definition". The Examiner uses such a mathematical definition despite the fact that the Specification and claims (i.e., the Application as a whole) relates to the quantification of political risk associated with financial transactions. The Examiner appears to ignore this fact or even acknowledge that Specification is not merely disclosing a mathematical manipulation of abstract numbers. The Specification describes a risk quotient, not merely a mathematical quotient. Furthermore, the Specification clearly and concisely discloses

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what the risk quotient is and actually discloses examples of how to perform the claimed calculating of the risk quotient.

As such, Applicant respectfully submits that the claimed term "risk quotient" is fully enabled by the Specification. Further, the claims and specification comply with the requirements of 35 U.S.C. §112, 1<sup>st</sup> and 2d paragraphs.

The Examiner also asserts that the terms "may be" and "can be" are uncertain and indefinite. Applicant respectfully disagrees with and traverses this rejection. For example, the Examiner improperly, impermissibly, and inaccurately cites Applicant's Specification as using the terms "may be (or may be not)" and "can be (or can not)" to disclose the claimed risk quotient. Contrary to the Examiner's characterization of the Specification, the terms "may" and "can" are used in the specification consonant with the ordinary, common accepted usage of the terms. That is, "may" is used consistent with its ordinary meaning (meaning: to be allowed or permitted to; used to indicate a certain measure of likelihood or possibility; used to express a desire or fervent wish; used to express contingency, purpose, or result in clauses introduced by that or so that; to be obliged; must, in law). (See, The American Heritage® Dictionary of the English Language, Fourth Edition, Copyright © 2000 by Houghton Mifflin Company).

The use of the terms "may" and "can", (particularly as used in the present Specification) does not explicitly or implicitly mean or suggest "maybe not" and "can not", as stated and suggested by the Examiner. Both the terms "may" and "can" are used to indicate that the disclosed processes, methods, etc, are possible, permitted, or provided (i.e, the terms are used with their positive, affirmative, and ordinary meaning), not the Examiner's suggested meanings indicating impossibility, negative, or inconsistent meaning.

Accordingly, the Examiner's assertions and relied upon evidence that the Specification is not definite (or enabling) are insufficient to sustain the rejections under either 35 USC §112, 1<sup>st</sup> paragraph or 35 USC §112, 2<sup>nd</sup> paragraph.

The Examiner also alleges that "there is only a general concept proposed that one should know who they are dealing with in a financial transaction through some undescribed set of evaluation factors with equally undescribed weighting criteria, and how that knowledge on some undescribed numeric scale might impact their decision to do business with them in some undescribed way". Applicant respectfully asserts that this statement is incorrect, directs the Examiner to refer to the specific language and examples disclosed in the Specification, including at paragraphs [0049] and [0050].

Applicant notes that the claim language of the present claims corresponds very closely with the plain language in the Specification. It is further noted that the Specification includes other instances of specific guidance to one skilled in the art. For example, the Specification discloses at paragraph [0029], "[I]nformation relating to financial, legal, regulatory and/or reputational risk is received into a computer system. The computer system applies an algorithm that weights the input information and calculates a risk quotient or similar rating. The risk quotient can include a scaled numeric or alpha-numeric value." The Specification is clear, and the claim language closely follows the clear teachings of the Specification.

Accordingly, Applicant respectfully requests that the Examiner's rejections under both 35 USC §112, 1<sup>st</sup> paragraph and 35 USC §112, 2<sup>nd</sup> paragraph be withdrawn.

In response to the Examiner's assertion that the claim language is very broad and generally provides no direction and would necessitate undue experimentation on the part of a user, it is respectfully submitted that the language of the Specification is clear, definite, unambiguous, and enabling with respect to the claims. Applicant has discussed in detail specific examples of instances where the Specification discloses what the claimed numerical values represent, what the claimed risk quotient is, and how to calculate the claimed risk quotient.

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As such, Applicant respectfully suggests that the Examiner's assertions that the Specification is not enabling and indefinite are overcome by the Specification and claims. Accordingly, applicant respectfully requests the reconsideration and withdrawal of the rejections under 35 USC §112, 1<sup>st</sup> paragraph and 35 USC §112, 2<sup>nd</sup> paragraph.

#### **Rejection under 35 U.S.C. §103**

The Examiner continues to reject claims 47-53 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,119,103 (hereinafter, *Basch*) in view of alleged Applicant disclosed federal guidelines relating to foreign political corruption of U.S. financial institutions and "Know your customer" requirements, as disclosed in the Background of Applicant's specification. This rejection is respectfully traversed.

As an initial matter, Applicant respectfully suggests that the Examiner continues to confuse the analysis of political risk with the analysis of credit risk. A brief explanation is reiterated prior to discussing the references. Credit risk is a measure of an expected loss of funds. For example, a financial institution performs credit risk analyses prior to lending money to an individual to determine how likely it is that the financial institution will be repaid the money. Credit risk is impacted by the borrower's collateral and credit history. A borrower with sufficient collateral may be a low credit risk. Political risk, as used in the context of the present application, is unrelated to credit risk. To the contrary, many transactions evaluated using the present invention may involve borrowers or counterparties having excellent collateral and presenting a very low credit risk. Embodiments, instead, assess the political exposure associated with the transaction. This distinction between credit risk and political risk may help the Examiner understand some of the fundamental distinctions between the claimed invention and some of the cited references.

The Examiner compares and correlates the claim language with a risk of fraud usage, generating risk scores based on fraudulent usage (which the Examiner states is a form of *political risk*), and different models of fraud detection, as disclosed by *Basch*.

The Examiner admits that Basch does not teach risk analysis other than for credit or fraud.

Despite the Examiner's recognition of the limited scope and applicability of Basch, the Examiner states that it would have been obvious to combine Basch with alleged admitted prior art from Applicant's Background. The Examiner reasons that it would have been more comprehensive and more cost efficient to analyze financial risks relative to political/financial exposure, thereby providing motivation to combine the disclosure of Basch and Applicant's Background.

However, the Examiner provides no indication of where Basch or Applicant's Background, either alone or in combination, provides the purported and relied upon motivation to support the rejection under 35 USC 103(a). Absent any indication for the suggestion or motivation to combine, it appears the Examiner relies upon impermissible hindsight reasoning.

Furthermore, as a further indication that the Examiner confuses the issue of financial risk (discussed in Basch) and political risk as it relates to the present Application, the Examiner cites a definition of fraud from a source other than the Specification, or any of the cited and relied upon references, including Basch. It is unclear why the Examiner resorts to such a measure when the claims do not recite or directly relate to fraud. Nonetheless, the Examiner's cited definition of fraud is instructive in that the cited definition does not state or suggest that fraud is the same as or refers to political risk. Despite the cited definition of fraud, the Examiner concludes that, "Fraud is a form of political risk." (See Office Action, page 7, Note of Obviousness)

While Applicant does not see the need to look beyond the Specification for an indication of what is meant by the claimed political risk, it is noted that the Examiner's definition of fraud is not supported by the cited definition. As evidenced by the Examiner's own citation to a definition of "fraud", fraud is not the same as political risk.

It appears that the Examiner defines fraud as a form of political risk only to support the 35 USC §103(a) rejection since the cited definition (and not Applicant's application) does not support such a broad definition.

Also, the Examiner states that the concept of "know your customer" has been used for several decades and the concept of a "mental risk evaluation (score)" is also known. However, Applicant does not claim a subjective mental risk evaluation such as that described in the Office Action to support the rejection under 35 USC §103(a). Applicant instead claims methods that, in some embodiments, calculate a risk quotient based on a first and second category risk score (claim 47) and calculate a risk quotient based a first and second numerical value representative of a political risk based on financial data (Claims 52 and 54). As stated in the Specification, the claimed invention provides a method to quantify a political risk associated with a financial transaction. (See Specification, paragraph [0024])

The Examiner continues to make broad unsubstantiated assertions. For example, the Examiner provides no proof or evidence that "sellers and financial agents since the traders of antiquity" have used a mental risk evaluation score.

The Examiner also cites and relies on Applicant's Background. The Examiner states that the government guidelines mentioned in the Background require political risk measurements. The Background does not disclose such a requirement. The Background discloses that the "guidelines are designed to counsel banks, broker-dealers, and other financial institutions on their obligations with regard to funds that appear to be related to the theft of sovereign assets by foreign political leaders" (See Specification, paragraph [0004]). The Background further discloses, "financial institutions do not have a mechanism which can provide real time assistance to assess a risk factor associated with a PIP, or otherwise qualitatively manage such risk." (See Specification, paragraph [0005]); and "the guidelines offered by the U.S. federal government are only advisory and therefore not a law, rule or regulation". (See Specification, paragraph [0006]). Thus, it is clear that Applicant's Background discloses

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that the federal guidelines referenced therein are not requirements, as stated and relied upon by the Examiner.

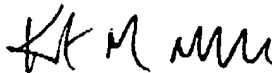
Therefore, it is clear that neither the cited Basch nor Applicant's Background disclose that for which they are both relied upon for disclosing. Thus, the combination of these two references fails to support the rejection under 35 USC §103(a). Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 47-53 under 35 USC §103(a).

It is respectfully submitted that claims 54-60 are patentable over Basch and the cited and relied upon Background for at least the reasons stated above regarding claims 47-53.

**Conclusion**

Accordingly, Applicant respectfully asserts that each of the claims 47-60 are patentable over the cited and relied upon references. Applicant's silence with respect to other comments made in the Office Action does not imply agreement with those comments. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at 203-972-0081. While no fees are believed due in conjunction with this filing, the Director is hereby authorized to charge any fees, or credit any overpayment to Deposit Account Number: 50-1852.

Respectfully submitted,



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Date

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